

# Your Gurkha Pension Scheme Explained



This is your guide to the range of benefits which you could earn during your service as a member of the Gurkha Pension Scheme (GPS). Please read it carefully and keep it in a safe place for future reference.

This booklet also contains information about ill-health and death benefits paid under the GPS, as well as benefits paid from the War Pensions Scheme (WPS) and the Armed Forces Compensation Scheme (AFCS). You can find information about the AFCS in the red booklet "Your Compensation Scheme Explained" that is available on the MOD internet and intranet sites.

This booklet should be read by both serving and retired Gurkhas.

The examples in this booklet have been shown in sterling using rates converted from Indian Currency Rupees (ICR) using the average annual exchange rate for the 9 months between April-December 2006 of 85 ICR/£1 sterling. The booklet uses the known Indian Army rules as at December 2006, and rates of pay and pension from 2006.

**IMPORTANT: This booklet provides only a summary of some of the rules of the relevant schemes. It is not a full explanation of the rules and is not the legal basis for any entitlement under the scheme. If there are any differences between the rules and an explanation in this booklet, the rules will be followed.**

# FINDING YOUR WAY AROUND THIS BOOKLET

<b>Introduction</b>	<b>2</b>
<i>To the GPS and to this booklet</i>	
<b>Abbreviations</b>	<b>3</b>
<i>The most commonly used abbreviations in this booklet</i>	
<b>Terms You Need to Understand</b>	<b>4</b>
<i>Pension terms you need to know</i>	
<b>SECTION 1 - THE GURKHA PENSION SCHEME</b>	
<b>Membership</b>	<b>9</b>
<i>Who can become members of the GPS</i>	
<b>Your Benefits</b>	<b>9</b>
<i>What the GPS offers you</i>	
<b>SECTION 2 – SERVICE PENSION BENEFITS</b>	
<b>Retirement Benefits</b>	<b>10</b>
<i>How your benefits are worked out and paid</i>	
<b>SECTION 3 – DISABILITY BENEFITS</b>	
<b>Attributable / Non-Attributable Benefits</b>	<b>17</b>
<i>Benefits if you leave the Army due to ill-health</i>	
<b>SECTION 4 – DEPENDANTS’ AND DEATH BENEFITS</b>	
<b>Dependants’ Benefits</b>	<b>23</b>
<i>The payment of benefits to your family when you die</i>	
<b>SECTION 5 – GENERAL INFORMATION</b>	
<b>Taxation of Benefits</b>	<b>29</b>
<i>How your pension is taxed</i>	
<b>Pension Commutation</b>	<b>29</b>
<i>How you can commute your pension</i>	
<b>Disputes and Complaints Procedures</b>	<b>30</b>
<i>How to sort out pension problems</i>	
<b>Annex A</b>	<b>32</b>
<i>Information about Gurkha Commissioned Officers, Short Service Commission (Gurkha) Officers and Re-employed Gurkha Officers</i>	
<b>Sources of Help</b>	<b>34</b>
<i>Details of organisations providing help and advice</i>	

# INTRODUCTION

As a member of the Gurkha Pension Scheme (**GPS**), you will earn a range of benefits to help provide financial security for you and your dependants up to retirement age and beyond. You make no direct contributions towards your benefits under the **GPS**. The **GPS** scheme managers are Land Forces Secretariat (Gurkha) – formerly Adjutant General Gurkha Policy.

Your pension builds up from age 17 or your first day of paid service, whichever is later; this is known as reckonable service. However, the service which counts towards your engagement (qualifying service) starts from age 18, or from enlistment, whichever is later. This means you could receive a pension from age 33 at the earliest; that is 15 years after you reach age 18.

This booklet provides a straightforward guide to the main provisions of the **GPS**. There are some special pension terms that you need to know: you can find them on page 4 and refer to them as you go along. They appear in ***bold italics*** when they first appear on a page. The booklet does not cover everything: more details are contained in the Gurkha Pay and Pension Manual, which contains the rules of the **GPS**, and is available from your Regimental Administration Officer (RAO) or the MOD internet and intranet sites.

This booklet covers all Gurkha officers (except RMAS Commissioned officers) and Gurkha Other Ranks. Pension information about Gurkha Commissioned Officers, Short Service Commission (Gurkha) Officers and Re-employed Gurkha Officers can be found in Annex A at the back of this booklet on page 32.

If you are a serving Gurkha and have any questions about the **GPS**, please contact your RAO in the first instance. The Service Personnel and Veterans Agency (SPVA) is also on hand to answer questions from both serving and retired Gurkhas.

Contact details are as follows:

## **Gurkha Pension Scheme Team SPVA (Glasgow)**

Pensions Division  
Mail Point 480  
Kentigern House  
65 Brown Street  
Glasgow  
G2 8EX

Phone: 0141 224 3600 (enquiry service)  
Or +44 141 224 3600 from overseas  
Military: 94560 3600  
Freephone: 0800 085 3600  
EMail: JPAC@spva.mod.uk

Retired Gurkhas can also contact the Pension Paying Offices (PPOs) in Nepal either in person or using the contact details on page 34. Retired Gurkhas whose pension is paid by the PPO in Singapore should use the contact details for the Pension Section, British High Commission Singapore on page 34.

Further information is also available on the Defence Intranet at:  
<http://defenceintranet.diiweb.r.mil.uk/DefenceIntranet/Admin/FindOutAboutArmedForcesPensions>

Or on the internet at: [www.armedforcespensions.mod.uk](http://www.armedforcespensions.mod.uk)

# ABBREVIATIONS

This is a list of the most commonly used abbreviations in this booklet:

AFCS	Armed Forces Compensation Scheme
AFPS	Armed Forces Pension Scheme
AWC	Area Welfare Centre
BG	Brigade of Gurkhas
DCRG	Death cum Retirement Gratuity
FDD/FDR	Final Date of Discharge/Final Date of Retirement
GPPM	Gurkha Pay and Pensions Manual
GPS	Gurkha Pension Scheme
IA	Indian Army
ICR	Indian Currency Rupees
LFP	Liberalised Family Pension
MROP	Minimum Rate of Pension
NCR	Nepalese Currency Rupees
OFP	Ordinary Family Pension
OFP(ER)	Ordinary Family Pension (Enhanced Rates)
PPO	Pension Paying Office
RAO	Regimental Administration Officer
SFP	Special Family Pension
SPVA	Service Personnel and Veterans Agency
WPS	War Pensions Scheme

# TERMS YOU NEED TO UNDERSTAND

Here is a list which explains the meaning of some pension terms used in this booklet.

## AFPAA - The Armed Forces Personnel Administration Agency

See SPVA.

## AFCS – Armed Forces Compensation Scheme

This is a compensation scheme for all members of the Regular and Reserve Forces, including Gurkhas. It provides compensation for all injuries, ill-health and deaths mainly due (attributable) to service, the cause of which occurred on or after its introduction on 6 April 2005.

## Attributable

The term used to describe where:

- an injury or illness was caused or significantly aggravated by service in the Army;
- a death was caused or significantly hastened by service in the Army.

## Attributable benefits

Attributable benefits are paid under the GPS. Benefits are paid under two schemes depending on the date when the injury or condition was caused. See also AFCS and WPS.

## BG

Brigade of Gurkhas.

## Civil Partners

An individual who has formed a legally recognised partnership with another person of the same sex under the procedure provided by the Civil Partnership Act (CPA) 2004. If the civil partnership is legally dissolved, the former civil partner is not entitled to benefits.

## Commutation

When a member gives up part of his pension for a period of 15 years, in return for a tax-free lump sum.

## Dearness Allowance

This is the accumulating inflation factor which is applied to Indian Army pay elements when calculating the value of gratuities.

## Death Gratuity

This is the death element of the Death cum Retirement Gratuity (DCRG) that all Gurkhas who die in service are entitled to, if they do not qualify for the death in service gratuity. It is based on length of service and Indian Army pay, with weightage (see weightage) for those with at least 5 years' service. It is also paid to pensioners who die within 5 years of discharge.

## Death in Service Gratuity

This gratuity is paid where death occurs in service and is attributable to service. It is paid on a rank basis and equates in value to the sum awarded to a widow under the Armed Forces Pension Scheme 1975 (AFPS 75).

## Dependants

A member's wife, eligible children, brothers and sisters up to age 23 in certain circumstances, and parents.

## Disability Element

This is part of a disability pension awarded for an injury or illness that was accepted as being caused or made worse by service where the degree of disablement was assessed as being 20% or more.

## Eligible child (See pages 24 and 25 for definition of eligible child for GPS purposes)

**For WPS:** A child who is a dependant of a member of the GPS who is:

- under 16, or
- in full-time education or vocational training, or
- is unable to engage in employment because of physical or mental disability.

Note: this could include a natural child, a stepchild, an adopted child, a foster child, a child with a partner or a child born after the member's death. In each case the member must be maintaining the child or contributing to his/her upkeep.

**For AFCS:** Any child who is financially dependent upon the member, who is:

- under 18, or
- in full-time education or vocational training and is under 23, or
- unable to engage in employment because of physical or mental disability which was present at the time of the death of the member and began before the age of 23.

This includes children born within one year of the member's death.

### Engagement

This is the commitment you make on enlistment to service with the Colours. Before the Gurkha Offer To Transfer exercise, all Gurkha Trained Adult Manpower (GURTAM) were on the Gurkha Engagement.

### Family Pension

Paid to widows, eligible children up to age 23, siblings up to age 23 in certain circumstances, and parents.

### FDD/FDR - Final Date of Discharge/ Final Date of Retirement

This is the day after discharge, when pension and other benefits are payable.

### FE – Forward Everywhere

A PULHEEMS grading that permits unrestricted service world-wide and on operations.

### GPS - Gurkha Pension Scheme

This is the pension scheme for Gurkhas which was closed to new entrants on 5 April 2006.

### HSE - Home Saving Element

A long time ago a scheme existed for Gurkhas to save for the purchase of a house in the hills of Nepal. On discharge a grant called a Home Saving Element was awarded to assist with this purchase. The HSE remains part of the calculation of the service gratuity. However, the individual saving contribution has ceased.

### Index-linking

Pensions in payment are increased by the better of the percentage rate of Nepal inflation or the percentage rate of increase from the Locally Employed Civilian pay review.

### Indian Army (IA) Pay

Those elements of a member's pay that are linked to the current rates in payment to personnel in the Indian Army. They are:

- Basic Pay, which is issued in three groups:
  - B for non-tradesmen
  - A for tradesmen
  - X for technicians
- Length of Service Increments, which are issued according to rank for each year's service, up to a maximum of 12.
- Good Service Pay, which is issued to Corporals with 3 years' seniority, and Sergeants and above with 3 years' seniority from promotion to Sergeant.
- Extra Duties Allowance, which are rank-based responsibility awards in the Indian Army.

### Invaliding

When an individual leaves the Army due to medical reasons.

### Invaliding Gratuity

This is awarded to an individual with less than 10 years' service who is discharged with a medical condition that was not caused or made worse by service. It is based on Indian Army Pay and length of service.

### LFP - Liberalised Family Pension

The type of family pension paid to dependants of a member of the GPS who dies from attributable causes on an operation or on preparatory training prior to an operation.

### Member

A person who has joined the GPS and who is earning/has earned benefits under the scheme or is receiving a pension from the scheme.

### MROP - Minimum Rate of Pension

Applies to the service pension or the service pension element only of any pension being paid, with the exception of those who were awarded pensions of 75% of the normal rate when made redundant. Payments such as gallantry awards and the disability element are not included in this calculation. It also applies to Ordinary Family Pensions for certain ranks.

### Non-attributable (benefits)

Paid where the medical condition was not mainly caused or made significantly worse by service in the Army.

### OFP(ER) - Ordinary Family Pension (Enhanced Rates)

The type of family pension paid for up to 7 years or the normal maximum service point by rank, whichever comes first, to dependants of a member of the GPS who dies in service from non-attributable causes. An OFP is then paid.

### OFP - Ordinary Family Pension

The type of family pension paid to dependants of a member of the GPS in receipt of a service pension who dies in retirement or when entitlement to an OFP at enhanced rates ceases.

### Qualifying Service

Qualifying service is the service which counts towards a member's engagement. This begins at age 18 or from date of enlistment, whichever is later.

### Reckonable Service

Reckonable service is the service which counts towards a member's pension. For all ranks this starts from age 17 or the first day of paid service in the Army, whichever is later, but may not exceed 33 years. Certain absences are not reckonable for pension purposes, such as a period of detention, unauthorised absence or unpaid leave.

### Resettlement Grant

Gurkha resettlement grants are paid to all personnel with at least 4 years' service and are based on the Home Saving Element (see Home Saving Element) which formed part of the old Hong Kong Addition. Rates for those with between 4 years' and less than 15 years' service are based on length of service regardless of rank. For those with more than 15 years' service they are based on rank held at discharge.

### Retirement Gratuity

This is the retirement element of the Death cum Retirement Gratuity that all Gurkhas with at least 5 years' service are entitled to. It is based on a proportion of Indian Army pay multiplied by length of service, with up to 5 years' weightage. (See weightage).

### Scheme Medical Adviser

A Service or civilian doctor employed by the Ministry of Defence to give advice on injuries or illnesses for the pension scheme.

### Service Element

This is the service pension element or part that makes up a disability pension. The other part is the disability element.

### Service Gratuity

This is given to those Gurkhas with at least 5 years' service who do not receive an immediate pension. It is based on length of service and Indian Army pay.

### SFP - Special Family Pension

The type of family pension paid to dependants of a member of the GPS who dies in service from an attributable cause that does not qualify for a LFP. In addition, it is paid to the widow of a pensioner who dies before the age of 65 from the injury or illness for which he was receiving a GPS disability pension.

### SPVA – Service Personnel and Veterans Agency

They are the GPS administrators. From April 2007, AFPAA merged with the VA to form the Service Personnel and Veterans Agency.

### VA - Veterans Agency

See SPVA.

### WPS - War Pensions Scheme

The WPS may pay benefits to an individual when they have left the Army, where an injury, illness or death was caused or made worse by service in the Army after 1 July 1997 (when the Brigade of Gurkhas became a UK-based force), and before 6 April 2005 (when the AFCS was introduced).

### War Disablement Pension

Part of the WPS. Paid by the SPVA for assessments of disability above 20% for injury or illness suffered after 1 July 1997 (when the Brigade of Gurkhas became a UK-based force) and before 6 April 2005 (when the AFCS was introduced) which has been caused or made worse by service. For disability assessments below 20%, gratuities may be paid.

### War Widow's Pension

Part of the WPS. Paid by the SPVA to the wife or civil partner of a Gurkha whose death was caused or significantly hastened by service on or after 1 July 1997 but before 6 April 2005.

### Weightage

Weightage is a period of service added to an individual's actual service to calculate pension and DCRG elements. For pension, up to 10 years' service may be added to reckonable service, to make a total not exceeding 33 years. For the purpose of calculating DCRG elements, up to 5 years' weightage may be added to service.

### Wife

A legally married (including separated, but not divorced) woman. Not an unmarried partner.

---

**Intentionally blank**

# SECTION 1 - THE GURKHA PENSION SCHEME

## MEMBERSHIP

All members of the Brigade of Gurkhas enlisted before January 2007 automatically became members of the **GPS**. This means that all those who complete 15 years' **reckonable** and **qualifying service** will receive a pension paid from their final date of discharge/final date of retirement (**FDD/FDR**) which is **index-linked** to the cost of living in Nepal and paid for life. If you leave before completing 15 years you will receive some benefits but you will not be eligible for a pension. You do not make any direct financial contribution to your pension. Pensions are based on representative rates and length of service when leaving the Army.

Members of the scheme participate in the UK State Pension arrangements. This is known as being "contracted-in" and means that you pay normal National Insurance contributions and build a State Second Pension (S2P), part of the UK State provision of retirement benefits. It is earnings-related and paid on top of the State Pension and, from April 2002, replaced the former State Earnings Related Pension Scheme (SERPS). It is available to employees who pay National Insurance contributions at contracted-in rates, as all serving members of the **GPS** do. It is normally paid when you reach age 65, and the value depends on the number of years you have contributed.

## DETAILS OF YOUR BENEFITS

This booklet explains the benefits of belonging to the **GPS** under the following main headings:

**Service Pension Benefits - see Section 2**

**Disability Benefits - see Section 3**

**Dependants' and Death Benefits - see Section 4**

**General information - see Section 5**

## SECTION 2 - SERVICE PENSION BENEFITS

### INTRODUCTION

This section explains the benefits you receive as a **member** of the **GPS** if you leave the Army other than through ill-health.

### HOW BENEFITS ARE CALCULATED

If you complete a minimum of 15 years' **reckonable** and **qualifying service**, you will be entitled to a pension paid immediately on leaving the Army. This will not be paid before age 33. You will also receive a tax-free cash lump sum known as the **resettlement grant** if you have at least four years' service, and a **retirement gratuity** if you have at least five years' service. See below for details.

The pension is based on representative rates of pay for each rank. These use **Indian Army (IA) Pay** Group X, plus Length of Service Increments, Good Service Pay and Extra Duty Allowance, as applicable, in accordance with IA pension rules.

There is a single pension rate for each rank and incremental level, regardless of the date your pension comes into payment. Your pension will be assessed on the basis of the paid rank you held continuously for a minimum of 10 months before your discharge. Pension increases are applied annually with effect from 1 April, a process known as **index-linking**. They are indexed by the better of the Locally Employed Civilian (LEC) pay review or the inflation figure from the Nepal Rastra Bank. The rates are expressed in Indian Currency Rupees (ICR) and then exchanged into Nepalese Currency Rupees (NCR) when the pension is paid in Nepal, and the local currency when it is paid in Brunei, Hong Kong or the UK. Pensions paid by this means are not taxed before payment is made, except for pensions paid in the UK. If you have a UK tax liability

any payments must be declared as income and may well become subject to taxation. You can elect to have your pension paid in the UK in sterling after conversion from ICR. See Section 5 page 29 for more details of taxation of pensions paid under the **GPS**.

No pension is payable for less than 15 years' service (unless you are discharged early because of an injury or illness). However, you will get a **service gratuity** provided you have at least five years' qualifying service.

### RESETTLEMENT GRANT

The resettlement grant is a one-off payment linked to the **Home Saving Element** intended to help you adjust to civilian life. You are entitled to a resettlement grant when you leave the Army, provided you have served for at least four years. It is paid on a sliding scale not related to rank for service below 15 years. After 15 years' service the resettlement grant is related to rank and is paid with your pension. It is tax-free if a pension is paid to you, but if you leave without a pension it is only tax-free for service up to 5 April 2006.

### DEATH CUM RETIREMENT GRATUITY - DCRG

If you leave the Army with at least five years' service, you will receive the **retirement element** of the DCRG (the retirement gratuity) which is tax-free if a pension is also paid to you. If you leave without a pension, it is only tax-free for service up to 5 April 2006. This is a one-off payment, not an annual pension. It is based on multiples of six month periods of service, with an additional five years' **weightage** (up to a maximum of 33 years' service), times one quarter ( $\frac{1}{4}$ ) of your monthly pay.

## Examples

A Major (QGO), with 29 years' service, IA Pay Group B. As he has 29 years' service, he will get an additional 4 years' weightage, up to the maximum of 33 years. The number of 6 month periods is therefore 66:

<b>Major(QGO)</b>	Daily	Monthly
Basic Pay Group B	£3.26	
Total pay	£3.26	£99.16
Dearness Allowance at 177.75%		£176.26
Total monthly pay		<u>£275.42</u>
¼ of monthly pay		£68.86
Number of 6 month periods of service		x 66
<b>Retirement Gratuity</b>		<b>£4,544.76</b>

A Captain (QGO), with 27 years' service, IA Pay Group B. As he has 27 years' service, he will get an additional 5 years' weightage totalling 32 years. The number of 6 month periods is therefore 64:

<b>Captain (QGO)</b>	Daily	Monthly
Basic Pay Group B	£2.97	
Total pay	£2.97	£90.34
Dearness Allowance at 177.75%		£160.58
Total monthly pay		<u>£250.92</u>
¼ of monthly pay		£62.72
Number of 6 month periods of service		x 64
<b>Retirement Gratuity</b>		<b>£4,014.72</b>

A Lieutenant (QGO), with 24 years' service, IA Pay Group B. As he has 24 years' service he will get an additional 5 years' weightage totalling 29 years. The number of 6 month periods is therefore 58:

<b>Lieutenant (QGO)</b>	Daily	Monthly
Basic Pay Group B	£2.38	
Total pay	£2.38	£72.39
Dearness Allowance at 177.75%		£128.67
Total monthly pay		<u>£201.06</u>
¼ of monthly pay		£50.27
Number of 6 month periods of service		x 58
<b>Retirement Gratuity</b>		<b>£2,915.66</b>

A Warrant Officer 1, with 22 years' service, and it is 10 years since he was promoted to Sergeant, IA Pay Group B. As he has 22 years' service he will get an additional 5 years' weightage totalling 27 years. The number of 6 month periods is therefore 54:

<b>Warrant Officer 1</b>	Daily	Monthly
Basic Pay Group B	£1.47	
Length of Service Increment	£0.51	
Good Service Pay	£0.03	
Total pay	<u>£2.01</u>	£61.14
Dearness Allowance at 177.75%		<u>£108.68</u>
Total monthly pay		<u>£169.82</u>
¼ of monthly pay		£42.46
Number of 6 month periods of service		x 54
<b>Retirement Gratuity</b>		<b>£2,292.84</b>

A Warrant Officer 2, with 20 years' service, and it is 10 years since he was promoted to Sergeant, IA Pay Group X. As he has 20 years' service, he will get an additional 5 years' weightage totalling 25 years. The number of 6 month periods is therefore 50:

<b>Warrant Officer 2</b>	Daily	Monthly
Basic Pay Group X	£1.85	
Length of Service Increment	£0.51	
Good Service Pay	£0.03	
Total pay	<u>£2.39</u>	£72.70
Dearness Allowance at 177.75%		<u>£129.22</u>
Total monthly pay		<u>£201.92</u>
¼ of monthly pay		£50.48
Number of 6 month periods of service		x 50
<b>Retirement Gratuity</b>		<b>£2,524.00</b>

A Colour Sergeant, with 19 years' service, and it is 7 years since he was promoted to Sergeant, IA Pay Group A. As he has 19 years' service he will get an additional 5 years' weightage totalling 24 years. The number of 6 month periods is therefore 48:

<b>Colour Sergeant</b>	Daily	Monthly
Basic Pay Group A	£1.57	
Length of Service Increment	£0.51	
Good Service Pay	£0.02	
Total pay	<u>£2.10</u>	£63.88
Dearness Allowance at 177.75%		£113.55
Total monthly pay		<u>£177.43</u>
¼ of monthly pay		<u>£44.36</u>
Number of 6 month periods of service		x 48
<b>Retirement Gratuity</b>		<b>£2,129.28</b>

A Sergeant, with 18 years' service, and it is 7 years since he was promoted to Sergeant, IA Pay Group B. As he has 18 years' service, he will get an additional 5 years' weightage totalling 23 years. The number of 6 month periods is therefore 46:

<b>Sergeant</b>	Daily	Monthly
Basic Pay Group B	£1.37	
Length of Service Increment	£0.51	
Good Service Pay	£0.02	
Total pay	<u>£1.90</u>	£57.79
Dearness Allowance at 177.75%		<u>£102.72</u>
Total monthly pay		<u>£160.51</u>
¼ of monthly pay		<u>£40.13</u>
Number of 6 month periods of service		x 46
<b>Retirement Gratuity</b>		<b>£1,845.98</b>

A Corporal, with 15 years' service, and it is 7 years since he was promoted to Corporal, IA Pay Group B. As he has 15 years' service, he will get an additional 5 years' weightage totalling 20 years. The number of 6 month periods is therefore 40:

<b>Corporal</b>	Daily	Monthly
Basic Pay Group B	£1.33	
Length of Service Increment	£0.43	
Good Service Pay	£0.02	
Total pay	£1.78	£54.14
Dearness Allowance at 177.75%		£96.23
Total monthly pay		£150.37
¼ of monthly pay		£37.59
Number of 6 month periods of service		x 40
<b>Retirement Gratuity</b>		<b>£1,503.60</b>

A Lance Corporal, with 15 years' service, IA Pay Group B. As he has 5 years' service he will get an additional 5 years' weightage totalling 20 years. The number of 6 month periods is therefore 40:

<b>Lance Corporal</b>	Daily	Monthly
Basic Pay Group B	£1.31	
Length of Service Increment	£0.36	
Total pay	£1.67	£50.80
Dearness Allowance at 177.75%		£90.30
Total monthly pay		£141.10
¼ of monthly pay		£35.28
Number of 6 month periods of service		x 40
<b>Retirement Gratuity</b>		<b>£1,411.20</b>

A Rifleman, with 15 years' service, IA Pay Group B. As he has 15 years' service he will get an additional 5 years' weightage totalling 20 years. The number of 6 month periods is therefore 40:

<b>Rifleman</b>	Daily	Monthly
Basic Pay Group B	£1.29	
Length of Service Increment	£0.36	
Total pay	£1.65	£50.19
Dearness Allowance at 177.75%		£89.21
Total monthly pay		£139.40
¼ of monthly pay		£34.85
Number of 6 month periods of service		x 40
<b>Retirement Gratuity</b>		<b>£1,394.00</b>

## SERVICE GRATUITY

If you have at least five years' **qualifying service**, but do not qualify for a pension paid immediately, you will receive a **service gratuity**, if you are discharged in one of the following ways:

- compulsorily;
- Services no Longer Required;
- other than at your own request, having reached the stage at which discharge can be enforced.

Your service gratuity is tax-free for service up to 5 April 2006, but taxable for service after 6 April 2006.

It is based on the better of either:

- one month's pay for each completed year of service using:
  - Basic Pay
  - Length of Service Increment and Good Service Pay
  - Home Saving Element; or
- two thirds ( $\frac{2}{3}$ ) of one month's pay for each completed year of service using:
  - Basic Pay
  - Length of Service Increment and Good Service Pay
  - Home Saving Element
  - Dearness Allowance
  - Specialist Pay  
(if in issue at time of discharge).

If you received a service or **invaliding gratuity** instead of a pension the **retirement gratuity** is taxable and is paid at a rate of one eighth ( $\frac{1}{8}$ ) rather than one quarter ( $\frac{1}{4}$ ) of your pay. If you have at least five years' service, you will also get five years' **weightage**. This is shown in the example over the page.

## Example

A Rifleman, with 8 years' service, IA Pay Group B, was discharged with a non-attributable medical condition. As he has 8 years' service he will get an additional 5 years' weightage giving a total of 13 years' service. The number of 6 month periods is therefore 26:

<b>Rifleman</b>	Daily	Monthly
Basic Pay Group B	£1.29	
Length of Service Increment	£0.24	
Total pay	£1.53	£46.54
Dearness Allowance at 177.75%		£82.72
Total monthly pay		£129.26
1/8 of monthly pay		£16.16
Number of 6 month periods of service		x 26
<b>Retirement Gratuity (taxable)</b>		<b>£420.09</b>

## COMMUTATION

See Section 5, page 29.

## SECTION 3 – DISABILITY BENEFITS

### INTRODUCTION

This section explains the benefits you receive as a **member** of the **GPS** if you leave the Army through ill-health.

If your career is cut short by illness or injury you may be entitled to a disability pension and a tax-free lump sum, or an **invaliding gratuity**. Different arrangements apply depending on whether your injury or illness is considered to be **attributable** or **non-attributable** and whether your injury or illness

was caused or significantly aggravated by service on or after 1 July 1997, or on or after 6 April 2005. Your injury or illness will be assessed to see whether your condition was caused by service and to judge the level of your service-related disablement. This assessment, expressed as a percentage, will be made by comparing your condition with that of a normal, healthy man of the same age. The two tables below show you what you might receive if you leave on ill-health grounds.

#### Attributable

Length of service	Entitlement
Less than 15 years' qualifying service	Service element in proportion to the 15 year service pension for your rank, but not less than the MROP <b>plus</b> disability element according to percentage awarded and rank.
Less than 15 years' qualifying service but disability sustained in a Service aircraft on duty or while parachuting	Service element at the normal maximum service point for your rank <b>plus</b> disability element according to percentage awarded and rank.
15 or more years' qualifying service	Service pension under normal rules <b>plus</b> disability element according to percentage awarded and rank.

#### Non-Attributable

Length of service	Entitlement
Less than 10 years' qualifying service	Invaliding gratuity of 1 months' basic pay for each year's service.
10 years' qualifying service but less than 15 years	Invaliding pension in proportion to the 15 year service pension for that rank, but not less than the MROP.
15 or more years' qualifying service	Service pension under normal rules.

## ATTRIBUTABLE BENEFITS – injuries or illnesses caused or significantly aggravated by service

### DISABILITY PENSION

You will receive a disability pension if you are assessed as having a disability of 20% or more and have been:

- discharged at the end of your service and graded below “Forward Everywhere” (**FE**) etc;
- invalided from the Army because your injury or illness is **attributable** to, or has been significantly aggravated by, service.

A disability pension is made up of a **service element** and a **disability element**. The guaranteed minimum level of the service element of the disability pension is the **MROP**.

The service element of your disability pension depends on your length of service and is either:

- a proportion of your expected pension at the 15 year point relating to your actual length of service. For example, if you have 12 years’ **qualifying service**, you will receive 12/15ths of your pension, but not less than the MROP;
- the pension for your rank at the normal maximum service point, if you were injured in a flying or parachute accident and had less than 15 years’ qualifying service;
- your actual pension already earned if you have more than 15 years’ qualifying service.

On top of this, the rate of disability element is added at whatever level the disability has been assessed (20%-100%), according to your rank. If a disability pension is awarded, this will make both the service and disability elements tax-free.

In addition you will also receive a **resettlement grant** if you have served for at least four years, and a **retirement gratuity**, if you have at least five years’ qualifying service.

## Example

A Rifleman, with 8 years' service, IA Pay Group B, has an attributable injury on or after 6 April 2005. He is assessed by a **GPS** consultant at 50% and is medically discharged:

<b>Rifleman</b>		
	Service Element (MROP)	£999.88 A
50% Disability	Disability Element	£303.89 B
	<b>Disability Pension - Annual</b>	<b>£1,303.77 (A+B)</b>
Basic Pay Group B	<b>Retirement Gratuity</b>	<b>£840.32</b>
	<b>Resettlement Grant</b>	<b>£1,680.19</b>

His documents will automatically be sent to the **SPVA** for assessment for an **AFCS** award.

### Review of medical awards

If you consider that your degree of disablement due to service has increased, you can apply to have your medical award reviewed at any time after discharge. You should approach the Civilian Medical Practitioner in Kathmandu, if you are in Nepal, or the SPVA if resident outside Nepal. You should be aware that if you do so, it is possible that your disability award could be decreased.

If you retire or are discharged without a pension and are later granted a disability pension which will attract a **service element**, any **service gratuity** paid on discharge must be refunded.

You may be given an additional **disability element** to your pension. This would happen if you retire other than at your own request or are discharged with a pension or service gratuity, but (within a period of seven years of retirement/discharge) are then found to be suffering from an injury or illness that is accepted as **attributable**.

If you have an attributable injury or illness and refuse to undergo an operation or other medical treatment, which in the opinion of the medical authorities would cure the disability or reduce the degree of disablement, the disability element of your pension may be reduced.

### Reassessment (downwards) of disability level

If you have a disability pension based on a non-permanent medical condition and your disability is subsequently assessed as being below 20%, your pension will be reassessed as follows:

- if you have less than 10 years' **qualifying service**, the service element of your disability pension will be made permanent but you will lose the disability element, provided that the qualifying service for which the service element was granted was more than five years;
- if you have 10 or more years' qualifying service but less than 15, you may be granted a pension in proportion to the minimum service pension at the substantive rank held on discharge. This will not be less than the **MROP**;

- if you have 15 or more years' **qualifying service**, a pension is assessed on the substantive rank held at the date you were discharged and the qualifying service up to that date or your pension under normal rules.

This is summarised in the table below:

<b>Length of service</b>	<b>Entitlement</b>
Less than 10 years' qualifying service but more than 5 years	Service element will continue to be paid
10 years' qualifying service but less than 15 years	Pension in proportion to the 15 year service pension for that rank, but not less than the MROP.
15 or more years' qualifying service	Pension under normal rules.

### **Reassessment (upwards) of disability level**

Where a Review Medical Board increases the level of disability awarded, your disability pension will be re-assessed with effect from the date of the Board.

## WAR PENSIONS SCHEME

If your injury or illness was caused or made worse by service on or after 1 July 1997 and before 6 April 2005, you may be eligible for a **War Disablement Pension** or a gratuity awarded by the **SPVA** in addition to your **GPS** benefits. A War Disablement Pension or gratuity is only payable after you have left the Army. You may also qualify for a War Disablement Pension if you develop a condition after leaving, and the SPVA accepts it is **attributable** to service.

If you believe you have a disablement that was caused or made worse by service between 1 July 1997 and 5 April 2005, contact the SPVA for a claim form (see page 35). You will need to tell the SPVA your full name, any other names that you have used and your National Insurance number. You also need to give the following information:

- your Service number;
- your rank on leaving the Army;
- your Regiment;
- the dates you enlisted and were discharged.

You will need to provide as much information as you can about your injury or disablement. If you need help with completing the claim form, staff at the SPVA can help you or you may ask for a Welfare Manager to visit you, if you are in the UK. If you are a retired Gurkha living in Nepal you should contact your Pension Paying Office (PPO) in the first instance. If your pension is paid by PPO Singapore, you should contact the Pension Section, British High Commission, Singapore. Details of all the PPOs can be found on page 34.

The SPVA will look at the conditions for which you are claiming, using your medical records, and may ask you to have a medical examination. They will use all this information to establish whether your condition was caused by service and to assess the level of your service-related disablement. This assessment, expressed as a percentage, will be made by comparing your condition with that of a normal, healthy person of the same age and sex. If they assess your disablement at 20% or greater, they will pay you a pension reflecting the level of your disablement. If they assess your disablement at less than 20% they will normally pay you a lump sum called a gratuity. If you get a War Disablement Pension or gratuity you may also be entitled to extra allowances.

If your injury or illness was caused or significantly aggravated by service on or after 6 April 2005, you may instead be entitled to additional benefits under the **Armed Forces Compensation Scheme (AFCS)**. A copy of the booklet "**Your Compensation Scheme Explained**" can be obtained from your Regimental Administration Officer/Pension Paying Office and is on the MOD internet and intranet sites (see page 2).

You should be aware that there are separate assessments for **WPS** and **GPS** disability benefits which also use different criteria. This may sometimes give different outcomes.

## NON-ATTRIBUTABLE BENEFITS – injuries or illnesses not caused or significantly aggravated by service

### INVALIDING PENSION

You will be awarded either an invaliding pension or a gratuity if you are medically discharged because of a **non-attributable** injury or illness. Depending on your length of service, you will receive:

- an **invaliding gratuity** if you have less than 10 years' **qualifying service**;
- a proportion of your expected pension at the 15 year point relating to your actual length of service, but not less than the **MROP**, if you have 10, but less than 15 years', qualifying service;
- your pension if you have served 15 years or more.

### Example

A Rifleman with 8 years' service, IA Pay Group B, has a non-attributable injury caused on or after 1 July 1997 but before 6 April 2005. He is assessed by a **GPS** consultant and is medically discharged.

No pension is payable, but he is entitled to the following lump sums:

Rifleman		
	Service Gratuity	<b>£689.38</b>
	Invaliding Gratuity	<b>£1,034.08</b>
Basic Pay Group B	Retirement Gratuity	<b>£420.16</b>
	Resettlement Grant	<b>£1,680.19</b>

His documents will automatically be sent to the **SPVA** for assessment for a **War Disablement Pension** award.

# SECTION 4 - DEPENDANTS' AND DEATH BENEFITS

## INTRODUCTION

This section explains the benefits your family receive from the **GPS** when you die.

The type of family pension your **dependants** will receive depends on whether your death was:

- Due to service (**attributable**).
- In service.
- In retirement (after leaving the Army).
- On or after 1 July 1997 but before 6 April 2005 (**WPS** Benefits).
- On or after 6 April 2005 (**AFCS** Benefits).

A summary of the different types of benefits your family would receive on your death is summarised in the table below:

### Death in Service

	Condition	Entitlement	Remarks
Attributable	In service on operations or training for operations	Liberalised Family Pension	Double the service pension at the normal maximum service point for each rank <b>plus</b> Tax-free death in service gratuity of 3 x representative pay at the rate used for Armed Forces Pension Scheme 75 awards
	In service but not on operations or training for operations	Special Family Pension	120% of service pension at the normal maximum service point for each rank <b>plus</b> Tax-free death in service gratuity of 3 x representative pay at the rate used for Armed Forces Pension Scheme 75 awards
		<b>plus</b> SPVA War Widows Pension State Widows Pension and grant	Tax-free Eligible since National Insurance contribution liability
Non-attributable		Ordinary Family Pension (Enhanced Rates)	100% of service pension at the normal maximum service point for 7 years or until due date of discharge for rank. For QGOs until age 45, if this is sooner <b>plus</b> death gratuity element of the DCRG
		THEN Ordinary Family Pension	60% of service pension at the normal maximum service point for each rank. Currently MROP for Corporal and below

## Death After Leaving Service

	Condition	Entitlement	Remarks
Attributable	Where pensioner dies under the age of 65 from the injury or disease for which a disability pension was being paid	Special Family Pension	120% of service pension at the normal maximum service point for each rank <b>plus</b> death gratuity element of the DCRG if death is within 5 years of retirement
Non-attributable		Ordinary Family Pension	60% of service pension at the normal maximum service point for each rank. Currently MROP for Corporal and below <b>plus</b> death gratuity element of the DCRG if death is within 5 years of retirement

Family pensions are intended to be a contribution to the support of all the eligible members of a family. Each of the family pensions detailed in this booklet are calculated using a percentage of the service pension at the normal maximum service point for each rank, no matter what your actual length of service, but the pension awarded will not be less than the **MROP**.

Family pensions are not based on your marital status. If you are a single man, you can leave your pension to your parents or to your brothers or sisters below the age of 23 who are financially dependent on you or who are registered disabled at the date of your death (see definition of dependent relatives on page 25). You may not leave your pension to a partner. A family pension is an entitlement and will be paid at authorised rates regardless of whether the recipients have an income from other means.

## WHO MAY RECEIVE PAYMENTS?

Family pensions can be paid to your children and dependent relatives in the following circumstances. If you marry and have children after you leave the Army, your **wife** and children from this marriage will qualify for pension benefits.

### Eligible dependent children

Dependent children, both natural and legally adopted, who are recorded on the Kindred Roll, including those recorded with the Records Officer BG Pokhara after retirement, will be eligible for a pension until they reach the age of 23 unless they are:

- male and in full time employment;
- female and married. A widowed or divorced daughter under 23 will be eligible unless she herself is the widow of a British Gurkha or receiving a family pension in her own right.

In either case, their eligibility for pension will cease.

Mentally or physically handicapped children who are incapable of self support, who are recorded as such before they reach the age of 23, will receive the pension for life once all other eligible children have ceased to be entitled by age or circumstances. Such cases must be submitted to the **Scheme Medical Adviser** for verification and recorded on your Service records. A certificate from a Medical Officer or civilian doctor is to be produced every three years to show that the individual continues to suffer from the disorder or disability.

### Dependent relatives

Heirs to pension are detailed in your will (which is usually completed on enlistment) and must be your dependent relatives. It is normal for the will to refer to the Kindred Roll for the exact precedence of heirs. Since the will form is destroyed when you leave the Army, the information detailing your heirs to pension is then taken direct from the Kindred Roll.

Any change in circumstances relating to family pensions, such as the death of a recipient, must be notified to the Records Officer BG Pokhara or to the **SPVA** if you were discharged in the United Kingdom. This should be done as soon as possible after the event. Your family can seek help from the closest Pension Paying Office (PPO) or Area Welfare Centre (AWC). Details are on page 34.

**For more details about who is eligible to receive a pension after you die, see the Gurkha Pay and Pensions Manual.**

## DEPENDANTS' PENSIONS

If you die in service and your **wife** was accompanying you at your duty station, she will be entitled to receive your pay for up to six months. After six months (or earlier if your family returns to Nepal), this payment stops and the family pension then comes into payment. In the event of your death as a pensioner, SPVA will authorise an Ordinary Family Pension (**OFFP**) to ensure early payment to your **dependants**.

The type of pension your family will receive depends on the circumstances and timing of your death, as follows:

- if you die on operations or on training when you are preparing for deployment on operations, your dependants will receive a Liberalised Family Pension (**LFP**) and a tax-free **death in service gratuity** of three times representative pay at the rate used for Armed Forces Pension Scheme 1975 awards;
- otherwise, if you die in service from **attributable** causes, your dependants will receive a Special Family Pension (**SFP**) and a tax-free death in service gratuity of three times representative pay at the rate used for Armed Forces Pension Scheme 1975 awards;
- if you die in service from a **non-attributable** condition, your dependants will be awarded an Ordinary Family Pension (Enhanced Rates) (**OFFP(ER)**) for seven years or until due date of discharge for rank, for QGOs until age 45, whichever is sooner and the **death gratuity** element of the DCRG;
- if you were in receipt of a service pension and you die, your dependants will be awarded an OFFP. If you die within five years of discharge you will receive the death gratuity element of the DCRG;
- if you were in receipt of a disability pension and you die from the illness or injury that was the cause of your disability award, your dependants will be awarded a SFP. Otherwise they would get an OFFP. If you die within five years of discharge they will receive the death gratuity element of the DCRG. However, if you were aged 65 or older, your death will be deemed to have been from natural causes and your dependants will receive an OFFP.

Details about these pensions can be found later in this section.

## DEATH ATTRIBUTABLE TO SERVICE

If you die in service and you were:

- On operations or preparatory training for deployment on operations, your dependants will receive a Liberalised Family Pension (**LFP**) and a tax-free gratuity of three times representative pay at the rate used for Armed Forces Pension Scheme 1975 awards;
- On duty, your **dependants** will receive a Special Family Pension (**SFP**) and a tax-free gratuity of three times representative pay at the rate used for Armed Forces Pension Scheme 1975 awards.

### Liberalised Family Pension (LFP)

The LFP is calculated as double your pension at the normal maximum service point for your rank.

It is paid to:

- Your widow until her death.
- Your widow if she remarries.
- If she does not take care of any eligible children, she will be given an **OFP** and the eldest eligible child will receive a SFP. When the eldest child is no longer eligible, the next eldest child will then qualify, and so on, until the last child no longer qualifies.
- Eligible children as defined on pages 24 & 25.
- Other dependent relatives as defined on page 25, who would normally receive half the LFP rate.

On the death of the last entitled recipient the LFP will cease.

### Special Family Pension (SFP)

The SFP is calculated as 20% above your pension at the normal maximum service point for your rank.

It is paid to:

- Your widow until her death, including a widow of a pensioner who married after retirement.
- Your widow if she re-marries.
- If she does not take care of any eligible children, she will be given an OFP and the eldest eligible child will receive half of a SFP. When the eldest child is no longer eligible, the next eldest child will then qualify, and so on, until the last child no longer qualifies.
- Eligible children as defined on pages 24 & 25.
- Other dependent relatives as defined on page 25 who would normally receive half the SFP rate.

On the death of the last entitled recipient the SFP will cease.

### War Widow's Pension

If you die in service and the **SPVA** accepts that your death was caused or hastened by service on or after 1 July 1997 but before 6 April 2005, your widow or **civil partner** may receive a **War Widow's Pension**. War Pensions are non-contributory and are increased in line with UK inflation.

### AFCS

If you die in service, or the date on which the injury or illness which led to your death was on or after 6 April 2005, your dependants may be entitled to additional benefits under the **AFCS**. See the booklet "**Your Compensation Scheme Explained**" which gives full details of the **AFCS**. A copy can be obtained from your Regimental Administration Officer/Pension Paying Office and is on the MOD internet and intranet sites (see page 2).

## DEATH AFTER LEAVING SERVICE

If you die after leaving service before the age of 65 from the illness or injury for which you were receiving a **disability element** to your pension, your **dependants** will receive a **SFP**, otherwise they will receive an **OFF**. A doctor must confirm in writing that you died from such a condition.

### War Widow's Pension

If you die after leaving service, and the **SPVA** accepts that your death was caused or made worse by service on or after 1 July 1997 but before 6 April 2005, the SPVA will not normally consider paying a **War Widow's Pension** unless your widow or **civil partner** makes a claim. Claims should be made as soon as possible because delays may mean a loss of money. Details of who may be eligible are set out in VA-Leaflet-1, which is available from the SPVA (see page 35).

### AFCS

If you die after leaving service, and the date on which the injury or illness which led to your death was on or after 6 April 2005, your dependants may be entitled to additional benefits under the **AFCS**. See the booklet "**Your Compensation Scheme Explained**" which gives full details of the **AFCS**.

## DEATH NOT ATTRIBUTABLE TO SERVICE

### Ordinary Family Pension (Enhanced Rates) (OFF(ER))

If you die in service, your dependants will receive an OFF(ER) for up to seven years following your death. This is paid at the same level as your pension for up to seven years or until the due date of discharge for your rank, whichever is sooner. For QGOs, the pension is paid until age 45 or the date of discharge for your rank, whichever is the sooner.

The OFF(ER) is paid to:

- Your widow until her death.
- If she re-marries, your widow will still be entitled to an OFF(ER) providing she marries one of your brothers (a man with the same mother and father as you), otherwise entitlement passes to the eligible children, as defined on pages 24 & 25, in order. If she does not take care of any eligible children entitlement will pass to the children as an OFF.
- Eligible children as defined on pages 24 & 25.
- Dependant relatives as defined on page 25.

### Ordinary Family Pension (OFF)

After seven years or your normal maximum service point, the OFF(ER) is replaced by an OFF (see below). The OFF is calculated at 60% of your pension. If you were a Corporal or below, 60% of your pension would be less than the minimum level of pension and so your dependants will receive the **MROP** instead.

The OFF is paid to:

- Your widow until her death.
- If she re-marries, your widow will still be entitled to an OFF providing she marries one of your brothers (a man with the same mother and father as you), otherwise entitlement passes to the eligible children, as defined on pages 24 & 25, in order. If she does not take care of any eligible children entitlement will pass to the children as an OFF.
- Eligible children as defined on pages 24 & 25.
- Dependent relatives as defined on page 25.

On the death of the last entitled recipient, the OFF(ER) and OFF will cease.

## Death Gratuity

If you die in service and your death was not **attributable** to service or if you die within five years of leaving service, your **dependants** will receive the **death gratuity** element of the DCRG. The DCRG is based on length of service, with an additional five years' **weightage** for those with at least five years' service, as the following table shows:

Length of qualifying service	Maximum rate of death gratuity
Less than 1 year	2 months' pay
1 year or more but less than 5 years	6 months' pay
5 years or more but less than 20 years	12 months' pay
20 years or more	Half of monthly pay for each completed 6 month period of qualifying service up to a maximum of 33 years' service.

## Example

An ex-Sergeant dies in retirement, 3 years after discharge. As he had 18 years' service an additional 5 years' weightage is added, giving a total of 23 years. The number of 6 monthly periods is therefore 46:

Sergeant	Daily	Monthly
Basic Pay Group B	£1.37	
Length of Service Increment	£0.51	
Good Service Pay	£0.02	
Total pay	£1.90	£57.79
Dearness Allowance at 177.75%		£102.72
Total monthly pay		£160.51
½ of monthly pay		£80.26
Number of 6 month periods of service		x 46
<b>Death Gratuity</b>		<b>£3691.96</b>

## SECTION 5 – GENERAL INFORMATION

### TAXATION OF PENSION PAYMENTS

#### General

The background to liability for tax is that in principle Gurkha pensions are liable, but as a concession Her Majesty's Revenue and Customs (HMRC) have permitted MOD to operate the Nepal Pension and Payment System (NPPS) outside Pay As You Earn (PAYE). This concession was based on the fact that Gurkhas were discharged in Nepal and pensions were paid in Nepal (this included payments to India and those made by the PPO in Singapore), and that the majority of pensions were below the personal allowance threshold.

Pensions paid through Paymaster (1836) Ltd, the MOD's pension paying agent, are automatically taxed at the basic rate, just like all AFPS pensions, on the assumption that the individual is in employment in the UK and his personal tax allowances are used by his employer against his salary. If an individual is not in employment they can ask HMRC to inform Paymaster (1836) Ltd to apply their tax allowances to their pension. For further information see [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

If a pensioner is resident in the UK he is liable for tax on his pension even if it is paid through the NPPS in Nepal or Singapore. It is the responsibility of the pensioner to declare the pension to his local tax authorities in his annual tax return.

#### Unauthorised Payments

The Finance Act 2004 became effective on 6 April 2006 and affects the **GPS** as a registered pension scheme, mainly in the area of unauthorised payments. It is the effect of this Act that closed the **GPS** to new entrants from 6 April 2006, as payments to members for service on or after 6 April 2006 before the age of 55 would be treated as unauthorised and be subject to tax, as would the scheme as a whole. There is also an effect on existing **GPS members** in that the lump sum

benefits earned for service from 6 April 2006 onwards are liable for tax at up to 55% if they exceed a certain threshold, and the scheme itself is also liable for tax.

As a result of the potential for unauthorised payments a limit of 10% has been imposed on **commutation** for service from 6 April 2006. For pension benefits based on service prior to 6 April 2006 transitional protection rules apply, and commutation at 43% for officers and 45% for other ranks still applies.

#### Tax-Free Pensions

Disability pensions are issued tax free.

#### Death Cum Retirement Gratuity (DCRG)

If a DCRG is paid for early departure with no payment of a pension, that part of it paid for service from 6 April 2006 is taxable at the individual's marginal rate.

### PENSION COMMUTATION

You may opt to exchange part of your pension, including future pension increases on that element of pension, for a tax-free lump sum, but this cannot be claimed as a right. You must apply for commutation through your commanding officer no earlier than three months before **FDD/FDR**. The value of the exchange is calculated by using the Pension Commutation Table in the Gurkha Pay and Pensions Manual (GPPM).

Commutation lasts for 15 years, at which point the full pension is restored. If commutation is agreed by **SPVA**, you must proceed, and it will be deemed to be absolute (that is, final and irreversible) on the date that SPVA approves your application. This means that whatever the date that the commuted sum is actually paid to you (and it could be some time after your application was approved), the amount paid and the effect on your pension will be the same as if the commuted value was

paid on the date that the **commutation** became absolute. Officers can commute 43% and other ranks 45% of their pensions for service before 6 April 2006. For pensions earned on or after 6 April 2006 there are limits resulting from UK tax legislation which restrict the percentage of commutation. (See page 29 and the GPPM for details). The sum will be paid on **FDD/FDR**.

If you die part way through the 15 year period, your pension is restored in full. The pension paid to your **dependants** will be based on the uncommuted sum.

If you die before your FDD/FDR, and before approval to commute has been granted, then your application will be deemed to be cancelled. If you die on or after discharge, the commuted sum will be paid to your heirs or next of kin.

Only that part of your pension which is paid as pension will be **index-linked**.

## DISPUTE AND COMPLAINTS PROCEDURES

### Internal Disputes Resolution Procedure (IDRP)

IDRP is a formal procedure set up to resolve disagreements between the scheme administrators (**SPVA**) and individuals who have an interest in the scheme, such as **members**, wives or dependants, and others. This provides the opportunity to complain to the SPVA about matters in relation to the scheme and maximise the opportunity to resolve the disagreement internally.

The IDRP process consists of two stages. Under the first stage, you have the right to complain to the SPVA. Under the second stage, you have the right of appeal to a higher level against the decision made on your

first stage complaint. If you are living in Nepal, your complaint should be passed to SPVA through your Area Welfare Centre, or through BGN.

If your complaint remains unresolved, you may then take it to the Pensions Ombudsman through The Pensions Advisory Service.

Further information on IDRP can be obtained from the booklet "**Internal Disputes Resolution Procedure**" which is on the MOD internet and intranet sites (see page 2).

### The Pensions Advisory Service (TPAS)

TPAS is an independent body which is financed in part by the Department of Work and Pensions. It is available at any time to assist members of occupational pension schemes and their dependants to resolve any difficulties they have failed to resolve with the administrators of the scheme. Their address is:

TPAS  
1 Belgrave Road  
London SW1V 1RB

Tel: 0845 6012923

Email: [enquiries@pensionadvisoryservice.org.uk](mailto:enquiries@pensionadvisoryservice.org.uk)

Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

---

### **Pensions Ombudsman**

The Ombudsman has the power to investigate any complaints and settle disputes between a pension scheme and a complainant. He/she will usually only become involved if IDRPs and TPAS have been unable to sort out the problem. Complaints must normally go to the Ombudsman within three years of whatever event caused the dispute. The Ombudsman cannot investigate a dispute once formal legal proceedings have been started. The Pension Ombudsman's address is:

The Pensions Ombudsman  
11 Belgrave Road  
London SW1V 1RB  
Tel: +44 (0)207 834 9144  
Email: [enquiries@ppfombudsman.org.uk](mailto:enquiries@ppfombudsman.org.uk)  
Website: [www.ppfombudsman.org.uk](http://www.ppfombudsman.org.uk)

### **The Pensions Regulator**

The Pensions Regulator is able to intervene in the running of pension schemes where their trustees or managers have failed to comply with the law. The address is:

The Pensions Regulator  
Invicta House  
Trafalgar Place  
Brighton  
BN1 4DW  
Tel: 0870 606 3636

Email: [customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

# ANNEX A

This annex provides information about pension arrangements for Gurkha Commissioned Officers, Short Service Commission (Gurkha) Officers and Re-employed Gurkha Officers.

## Gurkha Commissioned Officers (GCOs)

GCO pensions are based on the rules for Indian Army (IA) Regular Commissioned Officers laid down in Pension Regulations for the Army (India) 1961 Part 1. Service which qualifies for pension purposes is:

- All **reckonable service** as a GCO.
- All reckonable service as a Queens Gurkha Officer or Warrant Officer 1.
- Two thirds ( $\frac{2}{3}$ ) of all reckonable service in the ranks below Warrant Officer 1.

Minimum service for pension purposes is 20 years for a Captain and 22 years for a Major.

The rules for disability and family pensions are the same as those detailed earlier in this booklet.

## Short Service Commission (Gurkha) Officers (SSC(G))

SSC(G) officers serve on gratuity-earning terms and on retirement will therefore be awarded a gratuity, not a pension. This award is based on a gratuity-earning formula in line with retired pay on compulsory retirement for a British Army Major with 34 years' service under the rules of AFPS 75. See the GPPM for details.

This gratuity is taxable irrespective of where it is paid and will be grossed up for basic rate tax. If the gratuity is paid in the UK, or the officer returns to the UK after discharge in Nepal in the same tax year that payment is made, then it is liable for the marginal difference between basic rate and higher rate tax according to personal circumstances.

## Preserved Entitlements

A SSC(G) officer will also receive a pension, DCRG and **resettlement grant** for his previous service as a QGO or GCO, which will be increased by the annual Pension Increase. These are not paid until termination of his service as a SSC(G).

## Death in Service

For death in service the following benefits apply:

- A gratuity for SSC(G) service calculated in line with the rules laid down in the Army Pensions Warrant.
- An appropriate family pension depending on the circumstances of death based on former GCO or QGO status and rank immediately prior to conversion to SSC(G). This will be calculated according to the normal rules described earlier in this booklet.
- For *non-attributable* deaths, the *death element* of a DCRG based on former GCO or QGO status and rank immediately prior to conversion to SSC(G). This will be calculated according to the normal rules described earlier in this booklet.
- Where a death in service is deemed to be **attributable**, a **death in service gratuity**, as described earlier in this booklet, is paid instead of the death element of the DCRG.

---

### **Re-employed Gurkha Officers (RGOs) and Area Retired Officers (AROs)**

On taking up a RGO (or previously an ARO), appointment, the pension of a retired officer is suspended for the duration of his employment. For those RGOs or AROs who have taken **commutation**, the period of 15 years before restoration of full pension is also suspended, and will re-start once pension resumes after they cease employment. This means that a total of 180 monthly pension payments at the reduced rate have to be made before the pension is restored to its full value.

Service as a RGO, or ARO after 1 April 1986, can earn extra increments for pension purposes for those retired officers who are not already on the maximum for their rank.

## FURTHER INFORMATION

### **The Gurkha Welfare Trust**

P.O. Box 18215

2nd Floor

1 Old Street

London EC1V 9XB

Tel: +44 (0)20 7251 5234

Fax: +44 (0)20 7251 5248

E-mail: [secretary@gwt.org.uk](mailto:secretary@gwt.org.uk)

Website: [www.gwt.org.uk](http://www.gwt.org.uk)

### **Brigade of Gurkhas – Welfare Line (UK)**

Brigade Secretariat HQ Brigade of Gurkhas

Tel: +44 (0)1980 628594

### **British Gurkhas Pension Paying Office Itahari**

Itahari - 1

Aitabare Road

Itahari

Tel: +977 (0)25 5 82527

Fax: +977 (0)25 5 82528

### **British Gurkhas Pension Paying Office**

#### **Kathmandu**

c/o RAO British Gurkhas Kathmandu

Man Bhawan

Jawalakhel

Kathmandu

Tel: +977 (0)1 5523725

Fax: +977 (0)1 5552707

### **British Gurkhas Pension Paying Office Pokhara**

Tallo Deep

PO Box 50

Pokhara

Kaski

Gandaki Jone

Tel: +977 (0)61 440474 Ext 251, 252, 253

Fax: +977 (0)61 440389

Email: [pay\\_office@bgp.com.np](mailto:pay_office@bgp.com.np)

### **British Gurkhas Pension Paying Office**

#### **Butwal**

Milan Chowk II

Butwal

Nagarpalika

Rupendehi

Lumbini

Tel: +977 (0)71 546844

Fax: +977 (0)71 546844

### **British High Commission Singapore**

Defence Section

British High Commission

100 Tanglin Road

Singapore 247919

Tel: (65) 6424 4200

Fax: (65) 6424 4264

### **British Limbless Ex-Servicemen's Association**

185-187 High Road

Chadwell Heath

Romford

Essex

RM6 6NA

Tel: +44 (0)20 8590 1124

Fax: +44 (0)20 8599 2932

Email: [www.headquarters@blesma.org.uk](http://www.headquarters@blesma.org.uk)

Website: [www.blesma.org](http://www.blesma.org)

### **Combat Stress**

Tyrwhitt House  
Oaklawn Road  
Leatherhead  
Surrey  
KT22 0BX  
Tel: +44 (0)1372 841600  
Email: [contactus@combatstress.org.uk](mailto:contactus@combatstress.org.uk)  
Website: [www.combatstress.org.uk](http://www.combatstress.org.uk)

### **Regular Forces Employment Association RFEA Ltd**

49 Pall Mall  
London  
SW1Y 5JG  
Tel +44 (0)20 7321 2011  
Fax +44 (0)20 7839 0970  
Email: [obinbasilar@ctp.org.uk](mailto:obinbasilar@ctp.org.uk)  
Website: [www.rfea.org.uk](http://www.rfea.org.uk)

### **Veterans Advice Unit**

Service Personnel and Veterans Agency  
Thornton-Clevellys  
Lancs  
FY5 3YP  
Freeline (UK only) 0800 169 2277  
Tel : +44 (0)1253 866 043  
Email: [help@veteransagency.gsi.gov.uk](mailto:help@veteransagency.gsi.gov.uk)  
Website: [www.veteransagency.mod.uk](http://www.veteransagency.mod.uk)

### **War Widows' Association**

c/o 48 Pall Mall  
London  
SW1Y 5JY  
Tel: 0870 2411 305  
Email: [info@warwidowsassociation.org.uk](mailto:info@warwidowsassociation.org.uk)

### **Soldiers, Sailors, Airmen and Families' Association (SSAFA) Forces Help**

19 Queen Elizabeth Street  
London  
SE1 2LP  
Tel: 0845 1300 975  
Email: [info@ssafa.org.uk](mailto:info@ssafa.org.uk)  
Website: [www.ssafa.org.uk](http://www.ssafa.org.uk)

### **St Dunstan's**

12-14 Harcourt Street  
London  
W1H 4HD  
Tel: +44 (0)20 7723 5021  
Fax: +44 (0)20 7262 6199  
EMail: [enquiries@st-dunstans.org.uk](mailto:enquiries@st-dunstans.org.uk)  
Website: [www.stdunstans.org.uk](http://www.stdunstans.org.uk)

### **The Royal British Legion**

48 Pall Mall  
London  
SW1Y 5JY  
Tel: 0845 772 725  
Email: [pensions@britishlegion.org](mailto:pensions@britishlegion.org)  
Website: [www.britishlegion.org.uk](http://www.britishlegion.org.uk)

### **Ex-Service Fellowship Centre**

8 Lower Grosvenor Place  
London  
SW1 OEP  
Tel: +44(0)207 828 2468  
Fax: +44(0)207 828 6784  
Website: [www.army.mod.uk/soldierwelfare/supportagencies/  
ex\\_service\\_fellowship\\_centres.html](http://www.army.mod.uk/soldierwelfare/supportagencies/ex_service_fellowship_centres.html)

---

**Intentionally blank**



